



Claire McCaskill

Missouri State Auditor

April 2006

Randolph County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Randolph, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Randolph County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county's General Revenue Fund is in poor financial condition. The fund has ended each year since 1997 with a negative cash balance, which has grown to approximately (\$776,000) at December 31, 2005. Fund disbursements have exceeded receipts during all but two of the last nine years. During this time period significant increases were experienced in several disbursement categories including salaries, employee fringe benefits, Sheriff's department, and Jail operations.

The county's budget preparation and financial data monitoring activities have not resulted in effective management tools for controlling county disbursements. In addition to overspending the General Revenue Fund budget by approximately \$209,000 during 2004, various other county budgets were overspent during 2003 and 2004.

The County Commission has not adequately addressed the long term financial viability of the General Revenue Fund. Upon expiration of the voter approved earmarked 1/2 cent sales tax in 2020, the entire burden of funding the operational costs of the justice center will revert back to the General Revenue fund. Long term solutions for alternative funding sources and/or disbursement reductions need to be considered.

- The county did not always solicit bids and/or retain adequate bid documentation for various purchases. Contracts were not always entered into as needed and some contractual arrangements did not provide adequate details. In addition, some expenditures were approved without sufficient documentation or evidence of receipt of goods or services, and the allocation of some costs was not clearly documented.
- The county and health department do not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended

YELLOW SHEET

December 31, 2004 and 2003, the county under-reported approximately \$164,000 and the health department under-reported approximately \$57,000, respectively, in federal grant monies.

- The county's capital asset records and physical inventory procedures are not adequate, and vehicle usage logs are not required for some county vehicles.
- The County Clerk does not prepare or verify the current and back tax books or maintain an account book with the County Collector. Neither the County Clerk nor the County Commission verify the County Collector's annual settlements or adequately review property tax additions and abatements.
- Access to computer data and programs in the County Clerk's, County Treasurer's, and County Assessor's offices is not adequately restricted. In addition, the County Treasurer does not perform periodic data backups.
- The health department improperly calculated the percentages used for allocating overhead costs to one federal grant program and allocated administrative costs to another federal grant program using a higher percentage rate than allowed by the grant award.

Also included in the report are recommendations related to personnel policies and procedures. The audit also suggested improvements in the procedures of the County Clerk, Prosecuting Attorney, and Sheriff.

All reports are available on our Web site: auditor.mo.gov

RANDOLPH COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Randolph County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Randolph County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Randolph County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Randolph County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated October 11, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Randolph County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

October 11, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Gayle A. Garrison
Audit Staff:	Julie Tomlinson
	Zeb Tharp
	Ryan M. King



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Randolph County, Missouri

We have audited the financial statements of various funds of Randolph County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 11, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Randolph County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Randolph County, Missouri, are free of material misstatement, we performed tests of the

county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Randolph County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

October 11, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

RANDOLPH COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ (481,412)	2,848,024	3,042,282	(675,670)
Special Road and Bridge	845,722	1,343,977	1,708,488	481,211
Assessment	150,882	261,479	322,536	89,825
Prosecuting Attorney Training	727	1,473	912	1,288
Law Enforcement Training	18,482	8,930	6,347	21,065
Domestic Abuse	1,072	1,135	1,100	1,107
Recorder's User Fee	13,781	11,807	15,501	10,087
Sheriff	15,237	55,978	57,073	14,142
Local Emergency Planning Commission	16,475	3,419	1,543	18,351
Sheriff Donation	3,448	0	0	3,448
Election Service	8,737	6,596	3,986	11,347
911	45,622	97,392	97,318	45,696
Law Enforcement Block Grant	4,320	19	4,339	0
Recorder Technology	16,498	6,646	992	22,152
Justice Center	166	152,105	152,271	0
Collector Tax Maintenance	25,782	26,407	16,394	35,795
Cemetery Trust	28,457	649	2,065	27,041
Prosecuting Attorney Grant	0	78,803	104,540	(25,737)
Prosecuting Attorney Bad Check	697	116,590	85,562	31,725
Health Center	777,914	2,765,163	2,674,434	868,643
Parenting Class	5,765	3,920	3,145	6,540
Circuit Clerk Interest	946	1,515	0	2,461
Ferguson Scholarship	5,251	64	200	5,115
Law Library	22,883	12,296	6,711	28,468
Prosecuting Attorney Delinquent Tax	246	1,188	796	638
Total	\$ 1,527,698	7,805,575	8,308,535	1,024,738

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

RANDOLPH COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ (374,760)	2,763,027	2,869,679	(481,412)
Special Road and Bridge	746,264	1,730,466	1,631,008	845,722
Assessment	218,257	267,535	334,910	150,882
Prosecuting Attorney Training	934	1,291	1,498	727
Law Enforcement Training	17,398	7,925	6,841	18,482
Domestic Abuse	1,187	985	1,100	1,072
Recorder's User Fee	11,835	13,689	11,743	13,781
Sheriff	14,832	65,347	64,942	15,237
Local Emergency Planning Commission	12,692	6,225	2,442	16,475
Sheriff Donation	3,448	0	0	3,448
Election Service	8,403	1,054	720	8,737
911	33,103	102,261	89,742	45,622
Law Enforcement Block Grant	6,109	5,786	7,575	4,320
Recorder Technology	9,113	7,385	0	16,498
Justice Center	(393,769)	1,648,487	1,254,552	166
Collector Tax Maintenance	1,488	24,550	256	25,782
Cemetery Trust	29,341	736	1,620	28,457
Prosecuting Attorney Bad Check	16,913	70,762	86,978	697
Health Center	672,377	2,794,614	2,689,077	777,914
Parenting Class	4,540	4,655	3,430	5,765
Circuit Clerk Interest	4,878	845	4,777	946
Ferguson Scholarship	5,172	79	0	5,251
Law Library	17,669	13,112	7,898	22,883
Prosecuting Attorney Delinquent Tax	203	830	787	246
Total	\$ 1,067,627	9,531,646	9,071,575	1,527,698

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 6,227,552	4,922,634	(1,304,918)	7,087,252	6,736,202	(351,050)
DISBURSEMENTS	5,887,149	5,547,743	339,406	6,709,754	6,381,711	328,043
RECEIPTS OVER (UNDER) DISBURSEMENTS	340,403	(625,109)	(965,512)	377,498	354,491	(23,007)
CASH, JANUARY 1	745,211	748,841	3,630	397,102	395,047	(2,055)
CASH, DECEMBER 31	1,085,614	123,732	(961,882)	774,600	749,538	(25,062)
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	487,800	493,201	5,401	441,800	415,161	(26,639)
Sales taxes	1,200,000	1,200,825	825	1,226,600	1,167,195	(59,405)
Intergovernmental	361,571	417,069	55,498	527,436	422,218	(105,218)
Charges for services	589,500	598,214	8,714	545,200	597,466	52,266
Interest	650	728	78	4,000	1,394	(2,606)
Other	53,100	67,501	14,401	42,500	43,721	1,221
Transfers in	167,000	70,486	(96,514)	99,200	115,872	16,672
Total Receipts	2,859,621	2,848,024	(11,597)	2,886,736	2,763,027	(123,709)
DISBURSEMENTS						
County Commissioner	96,540	95,107	1,433	96,540	94,845	1,695
County Clerk	103,400	99,176	4,224	98,670	98,683	(13)
Elections	46,200	105,508	(59,308)	5,000	3,998	1,002
Buildings and grounds	71,750	105,416	(33,666)	67,500	61,170	6,330
Employee fringe benefit	418,200	437,314	(19,114)	437,800	440,695	(2,895)
County Treasurer	34,220	33,580	640	34,220	33,741	479
County Collector	106,080	104,436	1,644	110,670	111,450	(780)
Recorder of Deeds	85,650	78,683	6,967	83,160	84,176	(1,016)
Circuit Clerk	75,630	53,327	22,303	50,000	34,075	15,925
Associate Circuit Court	21,410	6,050	15,360	16,710	5,367	11,343
Associate Circuit Court (Probate)	4,490	2,609	1,881	4,490	1,982	2,508
Court administration	3,150	397	2,753	1,150	505	645
Public Administrator	73,225	72,375	850	70,225	70,997	(772)
Sheriff	614,920	682,448	(67,528)	656,800	636,084	20,716
Jail	348,500	655,981	(307,481)	362,400	450,355	(87,955)
Prosecuting Attorney	211,280	184,823	26,457	300,650	313,074	(12,424)
Juvenile Offices	310,824	205,824	105,000	299,405	268,413	30,992
County Coroner	20,700	23,445	(2,745)	22,700	20,562	2,138
Other	80,200	78,893	1,307	99,100	123,551	(24,451)
Public Defender	6,800	6,197	603	6,300	6,440	(140)
Jury Commission	13,300	10,693	2,607	13,300	9,516	3,784
Emergency Fund	86,000	0	86,000	85,000	0	85,000
Total Disbursements	2,832,469	3,042,282	(209,813)	2,921,790	2,869,679	52,111
RECEIPTS OVER (UNDER) DISBURSEMENTS	27,152	(194,258)	(221,410)	(35,054)	(106,652)	(71,598)
CASH, JANUARY 1	(481,412)	(481,412)	0	(374,760)	(374,760)	0
CASH, DECEMBER 31	(454,260)	(675,670)	(221,410)	(409,814)	(481,412)	(71,598)

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	495,950	510,152	14,202	706,200	704,173	(2,027)
Intergovernmental	825,000	799,567	(25,433)	835,000	822,480	(12,520)
Charges for services	1,000	769	(231)	800	933	133
Interest	9,000	9,292	292	20,600	10,459	(10,141)
Other	216,080	24,197	(191,883)	51,100	192,421	141,321
Total Receipts	1,547,030	1,343,977	(203,053)	1,613,700	1,730,466	116,766
DISBURSEMENTS						
Salaries	462,000	433,399	28,601	386,600	383,290	3,310
Employee fringe benefit	163,800	149,662	14,138	136,600	132,576	4,024
Supplies	26,000	31,172	(5,172)	29,000	22,096	6,904
Insurance	38,000	34,124	3,876	60,000	33,833	26,167
Road and bridge materials	333,000	254,135	78,865	403,000	242,992	160,008
Equipment repairs	49,000	71,561	(22,561)	49,000	44,987	4,013
Rentals	11,000	0	11,000	10,000	10,172	(172)
Equipment purchases	250,000	256,605	(6,605)	400,000	294,337	105,663
Construction, repair, and maintenance	468,000	290,028	177,972	462,000	328,813	133,187
Other	100,250	136,802	(36,552)	109,250	89,912	19,338
Transfers out	60,000	51,000	9,000	62,000	48,000	14,000
Total Disbursements	1,961,050	1,708,488	252,562	2,107,450	1,631,008	476,442
RECEIPTS OVER (UNDER) DISBURSEMENTS	(414,020)	(364,511)	49,509	(493,750)	99,458	593,208
CASH, JANUARY 1	845,722	845,722	0	746,264	746,264	0
CASH, DECEMBER 31	431,702	481,211	49,509	252,514	845,722	593,208
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	263,430	253,478	(9,952)	276,500	262,644	(13,856)
Charges for services	1,700	2,398	698	2,000	1,681	(319)
Interest	2,000	2,212	212	6,000	3,015	(2,985)
Other	200	3,391	3,191	200	195	(5)
Total Receipts	267,330	261,479	(5,851)	284,700	267,535	(17,165)
DISBURSEMENTS						
Assessor	343,602	322,536	21,066	353,125	334,910	18,215
Total Disbursements	343,602	322,536	21,066	353,125	334,910	18,215
RECEIPTS OVER (UNDER) DISBURSEMENTS	(76,272)	(61,057)	15,215	(68,425)	(67,375)	1,050
CASH, JANUARY 1	150,882	150,882	0	218,257	218,257	0
CASH, DECEMBER 31	74,610	89,825	15,215	149,832	150,882	1,050

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,300	1,473	173	1,200	1,291	91
Total Receipts	1,300	1,473	173	1,200	1,291	91
DISBURSEMENTS						
Prosecuting Attorney training	2,000	912	1,088	2,000	1,498	502
Total Disbursements	2,000	912	1,088	2,000	1,498	502
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	561	1,261	(800)	(207)	593
CASH, JANUARY 1	727	727	0	934	934	0
CASH, DECEMBER 31	27	1,288	1,261	134	727	593
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	8,000	8,930	930	8,000	7,925	(75)
Total Receipts	8,000	8,930	930	8,000	7,925	(75)
DISBURSEMENTS						
Sheriff training	7,000	6,347	653	13,000	6,841	6,159
Total Disbursements	7,000	6,347	653	13,000	6,841	6,159
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	2,583	1,583	(5,000)	1,084	6,084
CASH, JANUARY 1	18,353	18,482	129	17,269	17,398	129
CASH, DECEMBER 31	19,353	21,065	1,712	12,269	18,482	6,213
<u>DOMESTIC ABUSE FUND</u>						
RECEIPTS						
Charges for service:	900	1,135	235	1,000	985	(15)
Total Receipts	900	1,135	235	1,000	985	(15)
DISBURSEMENTS						
Shelter	1,500	1,100	400	1,100	1,100	0
Total Disbursements	1,500	1,100	400	1,100	1,100	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(600)	35	635	(100)	(115)	(15)
CASH, JANUARY 1	1,072	1,072	0	1,187	1,187	0
CASH, DECEMBER 31	472	1,107	635	1,087	1,072	(15)

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S USER FEE FUND</u>						
RECEIPTS						
Charges for services	12,900	11,670	(1,230)	14,000	13,560	(440)
Interest	100	137	37	200	129	(71)
Total Receipts	13,000	11,807	(1,193)	14,200	13,689	(511)
DISBURSEMENTS						
Equipment	5,000	7,084	(2,084)	5,000	864	4,136
Computer expenses	5,000	1,875	3,125	3,000	1,750	1,250
Micro-filming	4,500	4,710	(210)	4,000	6,135	(2,135)
Training	0	980	(980)	0	0	0
Miscellaneous	10,000	852	9,148	11,500	2,994	8,506
Total Disbursements	24,500	15,501	8,999	23,500	11,743	11,757
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,500)	(3,694)	7,806	(9,300)	1,946	11,246
CASH, JANUARY 1	13,781	13,781	0	17,980	11,835	(6,145)
CASH, DECEMBER 31	2,281	10,087	7,806	8,680	13,781	5,101
<u>SHERIFF FUND</u>						
RECEIPTS						
Charges for services	65,174	55,563	(9,611)	65,000	65,147	147
Interest	199	415	216	250	200	(50)
Total Receipts	65,373	55,978	(9,395)	65,250	65,347	97
DISBURSEMENTS						
Equipment	45,000	37,855	7,145	45,000	37,359	7,641
Miscellaneous	5,000	4,071	929	5,000	5,211	(211)
Transfers out	15,147	15,147	0	16,182	22,372	(6,190)
Total Disbursements	65,147	57,073	8,074	66,182	64,942	1,240
RECEIPTS OVER (UNDER) DISBURSEMENTS	226	(1,095)	(1,321)	(932)	405	1,337
CASH, JANUARY 1	15,237	15,237	0	14,832	14,832	0
CASH, DECEMBER 31	15,463	14,142	(1,321)	13,900	15,237	1,337
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	6,000	3,243	(2,757)	5,000	6,096	1,096
Interest	150	176	26	100	129	29
Total Receipts	6,150	3,419	(2,731)	5,100	6,225	1,125
DISBURSEMENTS						
Training	4,000	1,133	2,867	3,000	1,571	1,429
Equipment	5,000	0	5,000	4,000	181	3,819
Preparedness	2,000	38	1,962	1,000	38	962
Miscellaneous	5,000	372	4,628	3,000	652	2,348
Total Disbursements	16,000	1,543	14,457	11,000	2,442	8,558
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,850)	1,876	11,726	(5,900)	3,783	9,683
CASH, JANUARY 1	16,475	16,475	0	12,692	12,692	0
CASH, DECEMBER 31	6,625	18,351	11,726	6,792	16,475	9,683

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF DONATION FUND</u>						
RECEIPTS						
Donations	0	0	0	0	0	0
Total Receipts	0	0	0	0	0	0
DISBURSEMENTS						
Equipment	3,448	0	3,448	3,448	0	3,448
Total Disbursements	3,448	0	3,448	3,448	0	3,448
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,448)	0	3,448	(3,448)	0	3,448
CASH, JANUARY 1	3,448	3,448	0	3,448	3,448	0
CASH, DECEMBER 31	0	3,448	3,448	0	3,448	3,448
<u>ELECTION SERVICE FUND</u>						
RECEIPTS						
Charges for service:	4,000	6,502	2,502	1,000	966	(34)
Interest	50	94	44	100	88	(12)
Total Receipts	4,050	6,596	2,546	1,100	1,054	(46)
DISBURSEMENTS						
Equipment	4,000	3,490	510	4,000	170	3,830
Training	2,000	269	1,731	2,000	363	1,637
Miscellaneous	1,000	227	773	1,000	187	813
Total Disbursements	7,000	3,986	3,014	7,000	720	6,280
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,950)	2,610	5,560	(5,900)	334	6,234
CASH, JANUARY 1	8,737	8,737	0	8,403	8,403	0
CASH, DECEMBER 31	5,787	11,347	5,560	2,503	8,737	6,234
<u>911 FUND</u>						
RECEIPTS						
Charges for service:	106,000	97,392	(8,608)	108,900	102,261	(6,639)
Total Receipts	106,000	97,392	(8,608)	108,900	102,261	(6,639)
DISBURSEMENTS						
Salaries	18,000	18,454	(454)	10,800	10,779	21
Employee fringe benefit	7,680	6,965	715	5,700	5,724	(24)
Mapping	0	0	0	1,000	21	979
Operations	90,000	71,899	18,101	90,000	73,218	16,782
Total Disbursements	115,680	97,318	18,362	107,500	89,742	17,758
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,680)	74	9,754	1,400	12,519	11,119
CASH, JANUARY 1	45,622	45,622	0	33,103	33,103	0
CASH, DECEMBER 31	35,942	45,696	9,754	34,503	45,622	11,119

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	5,000	5,759	759
Interest	0	19	19	25	27	2
Total Receipts	0	19	19	5,025	5,786	761
DISBURSEMENTS						
Salaries and benefits	0	4,339	(4,339)	11,134	7,575	3,559
Total Disbursements	0	4,339	(4,339)	11,134	7,575	3,559
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(4,320)	(4,320)	(6,109)	(1,789)	4,320
CASH, JANUARY 1	4,320	4,320	0	6,109	6,109	0
CASH, DECEMBER 31	4,320	0	(4,320)	0	4,320	4,320
<u>RECORDER TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for service:	7,000	6,447	(553)	5,500	7,260	1,760
Interest	55	199	144	80	125	45
Total Receipts	7,055	6,646	(409)	5,580	7,385	1,805
DISBURSEMENTS						
Equipment	14,000	992	13,008	7,000	0	7,000
Total Disbursements	14,000	992	13,008	7,000	0	7,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,945)	5,654	12,599	(1,420)	7,385	8,805
CASH, JANUARY 1	16,498	16,498	0	9,113	9,113	0
CASH, DECEMBER 31	9,553	22,152	12,599	7,693	16,498	8,805
<u>JUSTICE CENTER FUND</u>						
RECEIPTS						
Sales taxes	1,200,000	152,105	(1,047,895)	1,200,000	1,153,094	(46,906)
Reimbursement of expense	0	0	0	800,000	0	(800,000)
Loan proceeds	0	0	0	0	495,000	495,000
Interest	0	0	0	0	393	393
Total Receipts	1,200,000	152,105	(1,047,895)	2,000,000	1,648,487	(351,513)
DISBURSEMENTS						
Legal fees	0	0	0	10,000	4,875	5,125
Architect fees	0	0	0	100,000	195,874	(95,874)
Pre-construction expense	0	0	0	90,000	48,856	41,144
Consulting fees	0	0	0	100,000	117,006	(17,006)
Bond payment	0	0	0	600,000	0	600,000
Construction expense:	0	0	0	100,000	887,941	(787,941)
Rent payment	245,000	0	245,000	0	0	0
Operations and maintenance	107,000	0	107,000	0	0	0
Remit to bond trustee	0	152,271	(152,271)	0	0	0
Total Disbursements	352,000	152,271	199,729	1,000,000	1,254,552	(254,552)
RECEIPTS OVER (UNDER) DISBURSEMENTS	848,000	(166)	(848,166)	1,000,000	393,935	(606,065)
CASH, JANUARY 1	166	166	0	(393,769)	(393,769)	0
CASH, DECEMBER 31	848,166	0	(848,166)	606,231	166	(606,065)

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COLLECTOR TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	23,950	26,633	2,683	22,383	24,324	1,941
Other	0	(226)	(226)	0	226	226
Total Receipts	23,950	26,407	2,457	22,383	24,550	2,167
DISBURSEMENTS						
Office expense:	0	0	0	1,650	0	1,650
Mileage and training	0	0	0	175	0	175
Collector	20,225	16,394	3,831	0	256	(256)
Total Disbursements	20,225	16,394	3,831	1,825	256	1,569
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,725	10,013	6,288	20,558	24,294	3,736
CASH, JANUARY 1	25,556	25,782	226	1,488	1,488	0
CASH, DECEMBER 31	29,281	35,795	6,514	22,046	25,782	3,736
<u>CEMETERY TRUST FUND</u>						
RECEIPTS						
Interest	740	549	(191)	775	736	(39)
Miscellaneous	0	100	100	0	0	0
Total Receipts	740	649	(91)	775	736	(39)
DISBURSEMENTS						
Mowing	1,720	2,065	(345)	1,800	1,620	180
Total Disbursements	1,720	2,065	(345)	1,800	1,620	180
RECEIPTS OVER (UNDER) DISBURSEMENTS	(980)	(1,416)	(436)	(1,025)	(884)	141
CASH, JANUARY 1	28,457	28,457	0	29,341	29,341	0
CASH, DECEMBER 31	27,477	27,041	(436)	28,316	28,457	141
<u>PROSECUTING ATTORNEY GRANT FUND</u>						
RECEIPTS						
Transfers in	105,703	78,803	(26,900)			
Total Receipts	105,703	78,803	(26,900)			
DISBURSEMENTS						
Salaries	90,000	90,215	(215)			
Benefits	15,703	14,325	1,378			
Total Disbursements	105,703	104,540	1,163			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(25,737)	(25,737)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	(25,737)	(25,737)			

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Intergovernmental				0	30,841	30,841
Charges for service:				53,000	39,350	(13,650)
Interest				200	138	(62)
Other				0	433	433
Total Receipts				53,200	70,762	17,562
DISBURSEMENTS						
Rent				15,000	13,320	1,680
Office expense:				19,000	18,224	776
Equipment				4,500	6,007	(1,507)
Task force dues				2,500	2,400	100
Transfer out				15,000	47,027	(32,027)
Total Disbursements				56,000	86,978	(30,978)
RECEIPTS OVER (UNDER) DISBURSEMENTS				(2,800)	(16,216)	(13,416)
CASH, JANUARY 1				16,913	16,913	0
CASH, DECEMBER 31				14,113	697	(13,416)
<u>PARENTING CLASS FUND</u>						
RECEIPTS						
Charges for service:	2,500	3,605	1,105	2,500	4,540	2,040
Other	0	315	315	0	115	115
Total Receipts	2,500	3,920	1,420	2,500	4,655	2,155
DISBURSEMENTS						
Parenting classes	4,000	3,145	855	3,000	3,000	0
Other	0	0	0	0	430	(430)
Total Disbursements	4,000	3,145	855	3,000	3,430	(430)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500)	775	2,275	(500)	1,225	1,725
CASH, JANUARY 1	6,080	5,765	(315)	4,540	4,540	0
CASH, DECEMBER 31	4,580	6,540	1,960	4,040	5,765	1,725
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	800	1,515	715	800	722	(78)
Other	0	0	0	0	123	123
Total Receipts	800	1,515	715	800	845	45
DISBURSEMENTS						
Micro-filming	1,500	0	1,500	1,500	0	1,500
Equipment	205	0	205	4,000	4,449	(449)
Miscellaneous	0	0	0	0	328	(328)
Total Disbursements	1,705	0	1,705	5,500	4,777	723
RECEIPTS OVER (UNDER) DISBURSEMENTS	(905)	1,515	2,420	(4,700)	(3,932)	768
CASH, JANUARY 1	905	946	41	4,960	4,878	(82)
CASH, DECEMBER 31	0	2,461	2,461	260	946	686

Exhibit B

RANDOLPH COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>FERGUSON SCHOLARSHIP FUND</u>						
RECEIPTS						
Interest	50	64	14	100	79	(21)
Total Receipts	50	64	14	100	79	(21)
DISBURSEMENTS						
Scholarships	400	200	200	400	0	400
Total Disbursements	400	200	200	400	0	400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(350)	(136)	214	(300)	79	379
CASH, JANUARY 1	1,243	5,251	4,008	1,129	5,172	4,043
CASH, DECEMBER 31	893	5,115	4,222	829	5,251	4,422
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	8,000	12,296	4,296	7,000	13,105	6,105
Other	0	0	0	3	7	4
Total Receipts	8,000	12,296	4,296	7,003	13,112	6,109
DISBURSEMENTS						
Books and supplies	8,000	6,711	1,289	6,000	7,435	(1,435)
Other	0	0	0	0	463	(463)
Total Disbursements	8,000	6,711	1,289	6,000	7,898	(1,898)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	5,585	5,585	1,003	5,214	4,211
CASH, JANUARY 1	23,342	22,883	(459)	17,669	17,669	0
CASH, DECEMBER 31	\$ 23,342	28,468	5,126	18,672	22,883	4,211

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

RANDOLPH COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Randolph County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Bad Check Fund	2004
Prosecuting Attorney Delinquent Tax Fund	2004 and 2003

Because the Health Center prepares its budgets on the accrual basis of accounting, which recognizes revenues when earned and expenditures when the related liability is incurred, the comparison of budget and actual information for the Health Center Fund is not included in Exhibit B. This information is provided below:

Health Center Fund						
Year Ended December 31,						
2004			2003			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes	\$ 430,007	430,002	(5)	420,100	420,100	0
Intergovernmental	926,508	924,122	(2,386)	891,840	873,479	(18,361)
Charges for services	1,395,591	1,377,389	(18,202)	1,455,575	1,472,675	17,100
Other	64,325	52,908	(11,417)	80,375	64,706	(15,669)
Total Revenues	2,816,431	2,784,421	(32,010)	2,847,890	2,830,960	(16,930)
EXPENDITURES						
Salaries	1,656,017	1,623,708	32,309	1,544,950	1,531,867	13,083
Office expenditures	232,302	222,093	10,209	230,787	235,306	(4,519)
Equipment	127,216	115,617	11,599	224,625	227,818	(3,193)
Mileage and training	77,422	75,361	2,061	93,390	85,867	7,523
Fringe benefits	392,320	378,933	13,387	393,500	385,915	7,585
Contract labor	281,335	272,447	8,888	214,000	213,245	755
Building improvements	0	26,579	(26,579)	0	0	0
Other	14,735	14,663	72	27,490	18,086	9,404
Total Expenditures	\$ 2,781,347	2,729,401	51,946	2,728,742	2,698,104	30,638

Exhibit A presents total receipts and disbursements of the Health Center Fund on the cash basis of accounting. Reconciliations of Exhibit A data to the actual revenues and expenditures recorded in the Health Center's financial records are presented below.

Reconciliation of Receipts to Revenues

Receipts on Exhibit A reconcile to revenues as follows:

Health Center Fund		
Year Ended December 31,		
	2004	2003
RECEIPTS PER EXHIBIT A	\$ 2,765,163	2,794,614
Increase (Decrease) in accounts receivable	(3,452)	25,969
(Increase) Decrease in unearned revenue	22,710	10,377
REVENUES PER BUDGET	\$ 2,784,421	2,830,960

		Health Center Fund	
		Year Ended December 31,	
		2004	2003
DISBURSEMENTS PER EXHIBIT A	\$	2,674,434	2,689,077
(Increase) Decrease in inventory and fixed assets		(2,466)	(3,487)
Increase (Decrease) in salaries and fringe benefits payable		33,432	32,353
Increase (Decrease) in accounts payable		30,367	(23,061)
Increase (Decrease) in bank debt		(6,366)	3,222
EXPENDITURES PER BUDGET	\$	2,729,401	2,698,104

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	2004
Law Enforcement Block Grant Fund	2004
Cemetery Trust Fund	2004
Justice Center Fund	2003
Prosecuting Attorney Bad Check Fund	2003
Parenting Class Fund	2003
Law Library Fund	2003

A deficit budget balance is presented for the General Revenue Fund for the years ended December 31, 2004 and 2003. However, the budgets of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balances presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Justice Center Fund	2004
Law Enforcement Block Grant Fund	2004 and 2003
Cemetery Trust Fund	2004 and 2003

Parenting Class Fund	2004 and 2003
Circuit Clerk Interest Fund	2004 and 2003
Law Library Fund	2004 and 2003
Prosecuting Attorney Delinquent Tax Fund	2004 and 2003

In addition, the receipts and beginning and ending cash balances were not presented for the Prosecuting Attorney Grant Fund for the year ended December 31, 2004 and the beginning and ending cash balances were not presented for the Health Center Fund for the years ended December 31, 2004 and 2003.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The county's and Health Center Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's or the board's name.

Investments

The only investments of the various funds at December 31, 2004 and 2003, were repurchase agreements with reported amounts of \$300,000 and \$900,000, respectively (which approximated fair value).

These investments were held by the county's custodial bank in the county's name.

3. Prior Period Adjustments

The Law Enforcement Training Fund's cash balance at January 1, 2003, as previously stated has been increased by \$129 to reflect transactions which were not previously reported.

The Circuit Clerk Interest Fund's cash balance at January 1, 2003, as previously stated has been decreased by \$82 to deduct January 2004 transactions which were previously reported.

The Ferguson Scholarship Fund's cash balance at January 1, 2003, as previously stated has been increased by \$51 to reflect interest receipts that had been received but were not previously reported.

Supplementary Schedule

Schedule

RANDOLPH COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program	ERS045-4188	\$ 114,044	0
	for Women, Infants, and Childre	ERS045-3188W	0	117,260
	Program Total		114,044	117,260
10.559	Summer Food Service Program for Childre	ERS146-4188I	130	130
Office of Administration				
10.561	State Administrative Matching Grants for Food Stamp Program	AOC04380113	47,003	0
		AOC03380104	0	67,699
	Program Total		47,003	67,699
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety				
16.554	National Criminal History Improvement Program	N/A	5,596	0
16.575	Crime Victim Assistance	2003-VOCA-0050	5,067	0
		2002-VOCA-0061	17,065	5,045
		2001-VOCA-0031	0	16,110
	Program Total		22,132	21,155
16.588	Violence Against Women Formula Grant	2003-VAWA-0030	69,002	0
		2002-VAWA-0039	0	70,733
	Program Total		69,002	70,733
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Constructior	BRO-088(20)	0	7,417
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	3,243	2,974
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	61	7,619
Passed through Secretary of State				
39.011	Election Reform Payment:	N/A	64,231	0

Schedule

RANDOLPH COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct program:				
93.912	Rural Health Care Services Outreach and Rural Health Network Development Program	D04RH00776A0	102,864	29,083
Passed through state				
Department of Health and Senior Services -				
93.110	Maternal and Child Health Federal Consolidated Program	N/A	0	3,000
93.268	Immunization Grants	PGA064-4188A	41,279	0
		PGA064-3188A	0	7,467
		175001	0	26,081
	Program Total		<u>41,279</u>	<u>33,548</u>
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	DH040022046	7,505	6,814
Department of Social Services -				
93.563	Child Support Enforcement	N/A	2,985	1,316
Department of Health and Senior Services -				
93.575	Child Care and Development Block Grant	PGA067-4188C	7,234	0
		PGA067-4188S	2,030	0
		PGA067-3188C	0	5,478
		PGA067-3188S	0	2,475
	Program Total		<u>9,264</u>	<u>7,953</u>
Department of Health and Senior Services				
93.945	Assistance Programs for Chronic Disease Prevention and Control	AOC04380055	32,350	0
	Program Total	AOC03380101	<u>0</u>	<u>25,600</u>
			<u>32,350</u>	<u>25,600</u>
93.991	Preventive Health and Health Services Block Grant	AOC04380021	26,390	0
		DH0402P0003	3,446	0
		DH030015001	0	25,561
		DH0302P0002	0	2,597
		DH0302P0003	0	3,167
		DH0402P0002	0	234
		DH0402P0003	0	289
	Program Total		<u>29,836</u>	<u>31,848</u>
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-3188M	22,406	22,228
		ERS175-0188F	0	21,600
		AOC04380052	26,739	0
		AOC0138105	0	28,021
		N/A	0	272
	Program Total		<u>49,145</u>	<u>72,121</u>

Schedule

RANDOLPH COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U.S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through state Department of Public Safety			
97.004	State Domestic Preparedness Equipment Support Program	n/a	29,018	0
97.042	Emergency Management Performance Grants	n/a	2,856	3,384
97.051	State and Local All Hazards Emergency Operations Planning *	n/a	2,700	3,300
	Total Expenditures of Federal Award:		\$ <u>635,244</u>	<u>512,954</u>

N/A - Not applicable

* These expenditures include awards made under CFDA number 83.552 and 97.042

** These expenditures include awards made under CFDA number 83.562 and 97.051

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

RANDOLPH COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Randolph County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2004 and 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**NDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Randolph County, Missouri

Compliance

We have audited the compliance of Randolph County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Randolph County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

Internal Control Over Compliance

The management of Randolph County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Randolph County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

October 11, 2005 (fieldwork completion date)

Schedule

RANDOLPH COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness identified? yes x no
- Reportable condition identified that is not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
16.588	Violence Against Women Formula Grants
39.011	Election Reform Payments
93.912	Rural Health Care Services Outreach and Rural Health Network Development Program
93.994	Maternal and Child Health Services Block Grant to the States

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

04-1. Schedule of Expenditures of Federal Awards
--

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Department of Health and Senior Services
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity Identifying Number:	ERS045-4188 and ERS045-3188W
Award Years:	2004 and 2003
Questioned Costs:	Not applicable

Federal Grantor: U.S. Department of Justice
 Pass-Through Grantor: State Department of Public Safety
 Federal CFDA Number: 16.588
 Program Title: Violence Against Women Formula Grants
 Pass-Through Entity
 Identifying Number: 2003-VAWA-0030 and 2002-VAWA-0039
 Award Years: 2004 and 2003
 Questioned Costs: Not applicable

Federal Grantor: General Services Administration
 Pass-Through Grantor: Secretary of State
 Federal CFDA Number: 39.011
 Program Title: Election Reform Payments
 Pass-Through Entity
 Identifying Number: Not applicable
 Award Years: 2004
 Questioned Costs: Not applicable

Federal Grantor: U.S. Department of Health and Human Services
 Pass-Through Grantor: Not applicable
 Federal CFDA Number: 93.912
 Program Title: Rural Health Care Services Outreach and Rural Health Network Development Program
 Pass-Through Entity
 Identifying Number: N/A
 Award Years: 2004 and 2003
 Questioned Costs: Not applicable

Federal Grantor: U. S. Department of Health and Human Services
 Pass-Through Grantor: State Department of Health and Senior Services
 Federal CFDA Number: 93.994
 Program Title: Maternal and Child Health Services Block Grant to the States
 Pass-Through Entity
 Identifying Number: ERS146-3188M, ERS175-0188F, AOC04380052, and AOC0138105
 Award Years: 2004 and 2003
 Questioned Costs: Not applicable

Procedures to prepare schedules of expenditures of federal awards should be improved to ensure the accuracy of these schedules. Section .310(b) of Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The County Clerk and Health Center Administrator prepared SEFA schedules for the years ended December 31, 2004 and 2003; however, the county under-reported approximately \$164,000 and the Health Center under-reported approximately \$57,000, respectively, in federal grant monies expended during the two years. The County Clerk did not report criminal history funds, victim advocacy funds, bridge project funds, surplus property items, disaster planning and relief funds, hazardous material training and planning funds, or child support enforcement funds. The Health Center administrator did not report maternal and child health services block grant funds or rural health care funds. Compilation of the SEFA requires consulting county and health center financial records and requesting information from other departments and/or officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

Similar conditions were noted in two prior audit reports.

WE AGAIN RECOMMEND the County Clerk and Health Center Administrator adopt procedures to ensure complete and accurate schedules of expenditures of federal awards are prepared.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk indicated he will attempt to prepare a complete and accurate schedule of expenditures of federal awards within his ability and within the scope of information provided to him by various county entities.

The County Commission indicated they will work with the County Clerk and other officials to ensure accuracy and completeness of future SEFA schedules.

The Health Department administrator indicated they have already taken the steps to put all federal funding on a spread sheet that will allow them to track the funds to the appropriate categories.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

RANDOLPH COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

RANDOLPH COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings - Two Years Ended December 31, 2002

02-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Department of Health and Senior Services
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERS045-2188 and ERS045-3188
Award Years:	2002 and 2001
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Missouri Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-088(20)
Award Years:	2001
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	State Department of Health and Senior Services
Federal CFDA Number:	93.994
Program Title:	Maternal and Child Health Services Block Grant to the States
Pass-Through Entity	
Identifying Number:	DH020027062, ERS146-1188M, ERS146-3118M, AOCO138105, ERS175-1188F, ERS175-2060F, C100019001, PGA064-3188A, and PGA064-2188A
Award Years:	2002 and 2001
Questioned Costs:	Not applicable

The county did not have adequate procedures in place to track federal assistance for the preparation of the schedule of expenditures of federal awards.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Not implemented. See finding number 04-1.

Findings - Two Years Ended December 31, 2000

00-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERS045-1188W, ERS045-0188W, and ERS045-9188
Award Years:	2000 and 1999
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.600
Program Title:	State and Community Highway Safety
Pass-Through Entity	
Identifying Number:	00-SA-09-4 and 99-SA-09-4
Award Years:	2000 and 1999
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	93.994
Program Title:	Maternal and Child Health Services Block Grant to the States
Pass-Through Entity	
Identifying Number:	ERS146-1188M, ERS146-0188M, ERS146-9188, AOC00380169, AOC01380105, ERS175-1188F, ERS175-0188F, ER075-9188FP, and C1000190001
Award Years:	2000 and 1999
Questioned Costs:	Not applicable

The county did not have adequate procedures in place to track federal assistance for the preparation of the schedule of expenditures of federal awards (SEFA). The county's SEFA schedule contained numerous errors and omissions.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Not implemented. See finding number 04-1.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

RANDOLPH COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Randolph County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 11, 2005. We also have audited the compliance of Randolph County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 11, 2005.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Randolph County or of its compliance with the types of compliance requirements applicable to each of its major

federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Financial Condition, Budgetary Practices, and Planning
--

As noted in the last several audit reports, the General Revenue Fund is in poor financial condition. The fund has ended each year since 1997 with a negative cash balance, which has grown to approximately (\$776,000) at December 31, 2005. Fund disbursements have exceeded receipts during all but two of the last nine years.

Jail and judicial facility expenses have traditionally been paid from the General Revenue Fund. However, in April 2002, county voters approved a 1/2 cent sales tax for the purpose of constructing, equipping, maintaining, and operating new jail and judicial facilities. The county established a Justice Center Fund in May 2002, which accounted for the sales tax receipts and construction related expenses through February 2004. The justice center construction was started in 2003 using proceeds from the 1/2 cent sales tax and a tax anticipation note. In January 2004, a lease purchase agreement was entered into for the completion of the new justice center's construction. The Justice Center Fund was eliminated in February 2004, and the lease purchase agreement trustee began receiving and accounting for the sales tax proceeds and revenue from bonds issued on behalf of the county. The trustee also began processing payments for construction expenses which were certified and submitted by the County Commission. The justice center facility was completed in June 2005.

Through June 2005, jail and judicial facility operating expenses were paid from the General Revenue Fund. Upon occupancy of the justice center, the county began paying these operating expenses from a newly established Corrections Fund. This fund receives and accounts for revenues generated by the new justice center's operations, such as board of prisoner reimbursements, and also receives a portion of the 1/2 cent sales tax from the trustee which is not needed to fund the lease purchase payments.

The county's projections indicate that overall operating costs of the justice center will exceed Corrections Fund receipts by approximately \$400,000 per year through the expiration date of the sales tax in the year 2020. However, the county believes that the General Revenue Fund will have cash available to provide supplemental funding needed to meet these operating costs.

- A. The following table shows the General Revenue Fund receipts, disbursements, and cash balances for the five years ended December 31, 2005. It demonstrates the county's patterns for maintaining negative cash balances in the fund and for disbursements exceeding receipts which has resulted in significantly declining cash balances.

	Cash Balance			Cash Balance	Receipts
	January 1	Receipts	Disbursements	December 31	Over (Under)
					Disbursements
2001	\$ (144,636)	2,787,434	2,777,486	(134,688)	9,948
2002	(134,688)	2,811,457	3,051,529	(374,760)	(240,072)
2003	(374,760)	2,763,027	2,869,679	(481,412)	(106,652)
2004	(481,412)	2,848,024	3,042,282	(675,670)	(194,258)
2005	(675,670)	2,827,592	2,927,929	(776,007)	(100,337)

(Note: 2005 amounts are unaudited.)

The County Commission has not effectively controlled General Revenue Fund disbursements where possible and has not taken action to limit disbursements to the level of available resources. Actual disbursements significantly exceeded actual receipts since 1997 by approximately \$800,000, and there were no cash reserves to absorb the additional disbursements.

During the audit period, there was no significant evidence that the county actively pursued efforts to seek out significant new funding sources or to provide for reductions in disbursements sufficient to create long term positive cash flow for the General Revenue Fund. Currently, the County Commission appears to be pursuing efforts which may reduce the county's operating costs, including competitive procurement of services which have traditionally not been bid or obtained through a competitive process. In addition, the County Commission is seeking to reduce the cost of prisoner medical care contracts, and is working with the courts to determine if additional revenues can be recovered from the jail operations.

As noted above, disbursements have significantly exceeded receipts since 1997. During this time period disbursements experienced significant increases in salaries, employee fringe benefits, Sheriff's department, and Jail operations, and have remained higher primarily because of these budget categories. The County Commission should review disbursements and reduce discretionary spending where possible, evaluate controls and management practices to ensure efficient use of resources available to the county, and attempt to maximize receipts from all sources. Given the financial condition of the General Revenue Fund, it is imperative that the County Commission utilize competitive procurement of goods and services, evaluate the reasonableness of all expenditures, and revise their budgetary practices as discussed in other report findings.

- B. The County Commission's budget preparation and financial data monitoring activities do not ensure that the budget documents accurately reflect the county's anticipated financial activity and do not ensure the budgets are used as effective management tools for monitoring or controlling county disbursements. Budgeted disbursements have exceeded budgeted receipts since 1997 by approximately \$1.3 million even though cash reserves were not available to finance the deficit spending, and the County Commission continues to authorize disbursements in excess of budgeted amounts in several county funds. In addition, although the

County Commission is regularly provided with financial reports for county funds, there is no indication in the county's official minutes that the County Commission reviews or discusses budget to actual performance.

The county overspent the General Revenue Fund budget for the year ended December 31, 2004 by \$209,813. The Presiding Commissioner indicated he realized that the 2004 General Revenue Fund budget would probably be overspent when the budget was approved. He indicated that some of the General Revenue Fund budget line items were intentionally reduced below the expected actual costs to assist in balancing the General Revenue Fund budget for the year. In addition, various other county budgets were overspent during the two years ended December 31, 2004, including the 2004 Law Enforcement Block Grant Fund (\$4,339) and Cemetery Trust Fund (\$345) budgets, and the 2003 Justice Center Fund (\$254,552), Prosecuting Attorney Bad Check Fund (\$30,978), and Law Library Fund (\$1,898) budgets.

While the County Commission receives budget to actual comparison reports monthly, the county's procedures and reports have not resulted in effective monitoring of the various budgets. It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 S.W. 2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

In addition, county records indicate the General Revenue Fund and the Corrections Fund budgets were overspent in 2005 by approximately \$120,000 and \$124,000, respectively. At the time the 2005 budgets were prepared, the County Commission anticipated the justice center would be in use by April 2005 and the related operating costs would be shifted from the General Revenue Fund to the Corrections Fund. Completion of the Justice Center's construction was delayed and the county continued to pay operating costs from the General Revenue Fund through June 2005; however, the County Commission failed to amend the budget for the significant change from original expectations. In addition, at the time of budget preparation, the County Commission was aware that a transfer from General Revenue Fund to the Corrections Fund would likely be necessary to subsidize the operations of the Corrections Fund. However, the County Commission failed to budget for the transfer in either fund. As a result of these conditions, the 2005 General Revenue Fund and Corrections Fund budgets did not reflect realistic estimates for the funds' receipts, disbursements, or ending cash balances and have not been used as an effective management tool by the County Commission.

Realistic projections of the county's anticipated resources and uses of funds is an essential tool for the efficient management of county finances and for communicating accurate financial data to county residents. Misrepresentation of the county's anticipated disbursements is misleading to the public and prevents an accurate estimate of the county's anticipated financial condition.

- C. The County Commission has not adequately addressed the long term financial viability of the General Revenue Fund. It appears that the General Revenue Fund will not be able to provide adequate funding to cover the operating costs of the justice center upon expiration of the earmarked 1/2 cent sales tax in the year 2020. In addition, the long term financial viability of the General Revenue Fund is extremely dependent on the County Commission's ability to monitor and control financial activities of the county funds over the next 15 years. Failure to properly monitor and control county revenues and expenses over the next 15 years could have a significant detrimental effect on the county's financial viability.

The county retained a financial consultant in November 2003 to project the financial sources and uses of the justice center construction and operations through the year 2020 when the lease purchase payments will be completed. The following table summarizes information from that study and from other data provided by the County Commission.

Sources	Amount
Tax anticipation note proceeds	\$ 500,000
Bond proceeds	6,800,000
1/2 cent sales tax revenues	<u>23,188,800</u>
Total Sources	<u>30,488,800</u>
Uses	
Tax anticipation note and interest payments	519,833
Bond issuance costs	214,729
Bond reserve fund	400,000
Projected construction costs	8,532,967
Projected operating costs	17,307,606
Trustee fees	37,757
Lease purchase payments	<u>9,991,014</u>
Total Uses	<u>37,003,906</u>
Sources over (under) uses	\$ <u><u>(6,515,106)</u></u>

As shown by the table above, the projected costs of the justice center's construction and operations exceed the anticipated project funding sources through the year 2020. Based on the county's estimates it appears that the justice

center operations will require continued subsidy from the General Revenue Fund of at least \$400,000 annually while the justice center sales tax is still in effect. To provide for adequate funding for the subsidy and to allow for improvement in the General Revenue Fund cash balances, the County Commission must refrain from implementing new unfunded programs or projects using General Revenue Fund monies and must control operating costs of the jail and judicial facilities funded by the Corrections Fund as well as other offices and activities funded by the General Revenue Fund.

Beginning in the year 2021, the entire burden of funding the operational costs of the justice center will revert back to the General Revenue Fund. However the Justice Center sales tax expires in the year 2020 and the county will no longer have those receipts available to fund any of the operating costs. The County Commission estimated that operating costs of the justice center during calendar year 2021 will total approximately \$1,359,000.

The county should continue monitoring the county's long term financial projections and consider the long term financial viability of the county, particularly after the year 2020. The county should seek additional funding sources and/or significant cost savings to ensure that the county's General Revenue Fund does not continue to experience poor financial condition and that known future events do not have a negative impact on the fund's financial condition.

WE RECOMMEND the County Commission:

- A. Seek additional revenue sources and/or disbursement reductions in the next few fiscal years to ensure that the General Revenue Fund's financial condition improves and is able to maintain an adequate operating cash reserve.
- B. Ensure budgets reflect realistic projections and prepare budget amendments when financial activities are significantly different from expectations. In addition, the County Commission should not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.
- C. Continue monitoring the General Revenue Fund's long term financial projections. Seek long term solutions for alternative funding sources and/or disbursement reductions to ensure that known future events, such as the expiration of the justice center sales tax in 2020, do not have a negative impact on the fund.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. The County Commission has made significant expenditure reductions in 2006 and will continue to do so which will help in the effort to return to a positive financial position.*
- B. The County Commission will take care in preparing realistic and accurate budgets. Whenever there are significant changes in either income or expenditures, budget amendments will be made according to the statutes.*
- C. The County Commission acknowledges that prior to the expiration of the ½ cent sales tax a revenue stream must be found to replace it.*

2. Expenditures

The county did not always solicit bids and/or retain adequate bid documentation for various purchases. Contracts were not always entered into as needed and some contract arrangements did not provide adequate details. In addition, some expenditures were approved without sufficient documentation to support the amount paid or allocated among various funds, or evidence that goods or services had been received.

- A. The county did not solicit bids for various purchases, including road rock, a paving project, and inmate meals. During 2004, the county spent approximately \$200,000 for road rock without soliciting bids. A 2003 road paving project, totaling approximately \$58,000, was undertaken without soliciting bids. Of this total, approximately \$15,000 pertained to a change order which was approved the same day the final billing was approved. In addition, the county had not bid inmate meal services for the jail since 1995. Meals were bid in September 2005, and the County Commission accepted a bid that they estimate will provide for significant cost savings over the previous contract.

For some purchases, although it appears bids were obtained, the bid documentation was lacking. For example, the county retained evidence of soliciting bids for justice center furniture costing approximately \$12,600, but indicated bids received and any documentation of the criteria and evaluation process were likely retained by the project architect. In addition, for two purchases (road grader costing approximately \$135,500, and bridge steel costing approximately \$44,500) the lowest bids were not accepted and the county did not adequately document the reasons why.

Section 50.660, RSMo, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and helps to assure the county

receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, and documentation of all discussions with vendors.

B. The County Commission did not enter into contracts for some services and contracts with several vendors did not adequately stipulate the terms of the agreements and rights and responsibilities of the parties. As a result, the County Commission did not have adequate criteria for determining if services were being provided in accordance with the county's expectations. Examples of these items include:

- Computer programming services for the Assessor's office totaled over \$10,300 for 2003 and 2004. There was no contract related to these services and the vendor's billing included only the number of hours of service provided. With no contract, there was no documentation of the product to be developed, percentage of completion stages upon which payments could be made, rate per hour, or a total contract amount anticipated.
- The county contracted with an attorney to provide legal consultation services for the Juvenile Office for a set monthly fee. However, the contract did not outline the county's expectations regarding anticipated hours, billing details, or other pertinent information. The attorney's billings only included the monthly contract amount without providing any summary information regarding the services provided or the amount of time spent on Juvenile Office representation and consultation. In addition, the county did not publicly solicit proposals from interested attorneys or provide for an analysis of interested attorneys' qualifications.
- Payments to the Prosecuting Attorney for office rental totaled approximately \$27,000 for 2003 and 2004. The Prosecuting Attorney's office is housed in a building the Prosecuting Attorney owns. However, the county does not have a written contract with the Prosecuting Attorney related to this arrangement. The Prosecuting Attorney submitted a draft contract to the County Commission for review prior to September 2001. In our prior audit report, the County Commission responded they had retained the services of outside legal counsel to review and suggest changes to the draft contract. However, there is still no formal lease agreement with the Prosecuting Attorney.

- Payments for diesel fuel totaled approximately \$77,000 during 2004. The County Commission entered into a contract with the vendor which established a fluctuating unit price to be paid by the county based on the vendor's cost of diesel on hand at the time of the purchase. However, the county has no procedure to verify that amounts billed were in agreement with the pricing terms stipulated in the contract.

Contracts which fully stipulate the terms of the agreements, rights, and responsibilities of the parties are necessary to ensure the County Commission is able to determine if services are being provided in accordance with the county's expectations. Contracts should be obtained and should include, at a minimum, the products or services to be provided, time limitations or expectations, rights of both parties, responsibilities of both parties, remedial actions agreed upon in the event that the parties do not comply with the terms of the contracts, criteria for detail to be included in billings, and the dates or events upon which billings may be submitted.

- C. Supporting documentation related to some expenditures was insufficient. For example, delivery tickets for bulk purchases of rock (\$22,200), concrete (\$19,000), and diesel fuel (\$7,300) had not been retained by the County Clerk. Delivery tickets are necessary to perform effective reviews of periodic billings for these type of purchases, which often consist of numerous deliveries and fluctuating prices. In addition, documentation related to purchases initiated by other officials but approved for payment by the County Commission from county funds, was sometimes lacking. Payment for a \$9,000 used SUV for the Sheriff's department was supported by a letter from the Sheriff requesting the payment, but no invoice. Payment for \$12,600 of computer equipment for the Sheriff's department was supported by a vendor estimate rather than an actual invoice. While it appeared these Sheriff's department purchases were bid, the documentation was not sufficient to show all bids obtained and reasons for the vendor or item selected. In addition, some invoices related to a \$4,800 purchase of computer equipment for the Prosecuting Attorney's office were not on file with the County Treasurer. However, the Prosecuting Attorney was able to locate all related invoice copies.

To ensure the validity and propriety of expenditures and compliance with statutory provisions, adequate supporting documentation should be obtained for all payments to vendors.

- D. The County Commission approved payment of a property and liability insurance policy totaling \$89,756. The payment was allocated among various line items in the General Revenue Fund (\$56,869), Road and Bridge Fund (\$32,236), and Assessment Fund (\$651). Although the County Clerk indicated the invoice was either allocated on the basis of supporting information submitted by the vendor with the billing or based on amounts budgeted in the various line items, there was no documentation to support the reasonableness of the allocation.

The Special Road and Bridge Fund and Assessment Fund have statutory restrictions on their allowable uses. To document the appropriate division of costs between funds and ensure compliance with statutory restrictions, the county needs to adequately document the basis for each fund's portion of shared expenses.

- E. The County Commission does not require acknowledgment of receipt of goods or services or always document approval of invoices for payment. Examples of these items include court appointed juvenile guardian services (\$2,285), plat books (\$9,000), law enforcement radio repair (\$7,200), road and bridge engineering services (\$8,500), and culverts (\$23,500).

The county should require acknowledgment of receipt of goods and/or services prior to payment. Such documentation is necessary to ensure the purchase is a proper disbursement of county funds. In addition, expenditures made from county funds should be reviewed and approved by the County Commission before payment is made to ensure all expenditures represent valid operating costs of the county. To adequately document the County Commission's review and approval of all expenditures, all invoices should be approved prior to payment.

Conditions similar to A, B, C and D were noted in prior reports.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law. Maintain adequate documentation of all bids obtained and the justification for selecting the winning bid. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the necessitating circumstances.
- B. Enter into written contracts when appropriate. Ensure contract terms clearly quantify services to be performed, compensation to be paid, and provide a means for the county to assess achievement of the contract objectives.
- C. Require adequate supporting documentation prior to approving expenditures for payment.
- D. Ensure the allocation of costs between funds is documented and is performed upon a reasonable basis.
- E. Require acknowledgment of receipt of goods and/or services and approval for payment by the elected official or department supervisor prior to payment.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. The County Commission will strictly adhere to bid statutes and ensure the proper processes are followed. Copies of bids and bid decisions will be retained with the County Commission's minutes and records.*
- B. The County Commission will require that contracts, from all elected officials and department heads, quantify service and compensation and measure performance.*
- C. The County Commission will ensure documentation is present to support expenditures.*
- D. The County Commission will ensure the allocation of costs between funds is documented and performed on a reasonable basis.*
- E. The County Commission will ensure receipt of goods is indicated on invoices submitted for payment.*

3. Capital Asset Controls and Procedures

The county's capital asset records and physical inventory procedures are not adequate. Vehicle usage logs are not required for some county vehicles.

- A. The County Clerk maintains capital asset records for all county departments. In order to update these records, the County Clerk's office sends a memo each year to all county departments requesting they perform inspections and physical inventories and provide inventory worksheets to the County Clerk's office to document these efforts. Problems were noted with this procedure. Results of physical inventories were not submitted to the County Clerk by all departments. For 2004, inventory reports for only seven of fourteen county departments were on file in the County Clerk's office. Our review identified numerous discrepancies between property items reported by various departments and the County Clerk's capital asset records. In addition, several property items disposed of according to department reports were not removed from the capital asset records. The County Clerk had not followed up on these discrepancies. Property items purchased for the newly opened justice center had not been added to the capital asset records as of September 2005, and property items moved from the old county jail to the new justice center in 2005 were not accounted for. In addition, the County Clerk could not locate any of the departments' physical inventory reports for 2003. As a result, it is not clear whether various departments completed the required inventories and changes to capital asset records are not supported.

Adequate capital asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Physical inventories of county property are necessary to ensure the capital asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. In addition, Section 49.093, RSMo, provides that the officer or their designee of each county department is responsible for performing periodic inspections and inventories of county property used by their department and submitting an inventory report to the County Clerk. Retention of records is necessary to demonstrate compliance with the law and provide support for additions and dispositions in the capital asset records.

- B. The County Commission does not require preparation of vehicle usage logs for county vehicles used by the County Clerk or Road and Bridge departments.

Without adequate vehicle logs, the county cannot effectively monitor that vehicles are used for official business only. These logs should identify the employee, the date used, beginning and ending mileage, destination, and purpose of the trip. Maintenance and fuel costs should also be recorded in the logs. These logs should be reviewed by a supervisor to ensure vehicles are used only for county business and evaluate operating costs.

WE RECOMMEND:

- A. The County Clerk work with other county departments to ensure physical inventories are conducted and reports submitted as required. In addition, the County Clerk should update the overall capital asset records for additions and deletions, and follow up on any discrepancies. Physical inventory records need to be retained to support the overall capital asset records.
- B. The County Commission require vehicle usage logs for all county vehicles.

AUDITEE'S RESPONSE

The County Clerk provided the following response:

- A. *The County Clerk will attempt to prepare a complete and accurate inventory within the scope of information provided by other elected officials.*

The County Commission provided the following response:

- B. *The County Commission will implement a policy to require usage logs for vehicles.*

Several control weaknesses exist over the property tax system. The County Clerk does not prepare or verify the current and back tax books or maintain an account book with the County Collector. Neither the County Clerk nor the County Commission verify the County Collector's annual settlements or adequately review property tax additions and abatements.

- A. The County Clerk does not prepare or verify the current or delinquent tax books. During the audit period personnel in the County Assessor's office printed the tax books and tax statements, and verified the accuracy of some tax statements. The 2005 property tax books were generated by the county's property tax system vendor and tax statements were tested by the County Collector prior to mailing. To ensure the tax books are accurate, the County Clerk should perform procedures such as footing the tax books or verifying individual entries.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend tax books and charge the County Collector with the amount of taxes to be collected. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and act as a form of checks and balances. Failure to perform adequate reviews could result in errors or irregularities going undetected.

- B. Neither the County Commission nor the County Clerk provide a review of the activities of the County Collector. The County Clerk does not maintain an account book with the County Collector and no evidence was provided to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector's monthly or annual settlements. As a result, neither the County Clerk nor the County Commission detected reporting errors in the County Collector's settlements. The settlements for the four years ended February 28(29), 2005 overstated both charges and credits by amounts ranging from approximately \$155,000 to \$215,000 each year. Actual distributions were properly reported, but the overall annual settlement was out of balance due to these overstatements. These undetected reporting errors occurred because the County Collector double counted some charges and credits in more than one reporting category.

An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. The account book totals could then be verified by the County Clerk against the collector's tax books, monthly and annual collection reports, and totals of all charges and credits.

Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A complete

account book would help the County Clerk ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Commission to verify the County Collector's annual settlement. Such procedures are intended to establish some checks and balances related to the collection of property taxes.

- C. Controls over property tax additions and abatements are not adequate. Addition and abatement requests are prepared by the Assessor and are submitted to the County Clerk and the County Collector. The County Collector posts the changes to the tax books. The County Clerk did not submit the addition and abatement requests to the County Commission for review and approval between March and December 2004, and did not maintain complete records of tax book changes. As a result, there is no independent and subsequent review of the changes made to the tax books.

Section 137.260, RSMo, requires the tax books only be changed by the County Clerk under order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax system.

WE RECOMMEND:

- A. The County Clerk prepare the current and back tax books or verify the totals and individual entries of tax books generated by other offices or the software vendor.
- B. The County Collector prepare and file accurate annual settlements. Also, the County Clerk should maintain an account book with the County Collector and the County Commission should utilize the account book to verify the annual settlements of the County Collector.
- C. The County Clerk ensure addition and abatement requests are submitted to the County Commission for review and approval. In addition, the County Clerk should maintain complete records of additions and abatements and reconcile these with related changes made to the tax records.

AUDITEE'S RESPONSE

The County Clerk provided the following responses:

- A&B. The County Clerk will provide the County Commission with a fiscal note for the calendar year 2007 budget to determine if funding can be allocated to allow the performance of this additional work.*
- C. The County Clerk currently receives from the Collector a printout of tax book changes which are recorded on a court order and provided to the County Commission for review and approval. However, these tax book changes are not verified with reports of assessment changes initiated by the County Assessor. The County Clerk will attempt to*

verify the County Collector's report of tax book changes with the County Assessor's reports of assessment changes.

The County Collector provided the following response:

- B. I have made corrections to the prior settlements and will ensure that future settlements are accurate.*

The County Commission provided the following responses:

- B. The County Commission will review the County Collector's settlements.*
- C. The County Commission is currently receiving and reviewing addition and abatement court order requests.*

5. Computer Controls

Access to computer programs including the County Clerk's capital assets, budgetary, and financial data; the Treasurer's financial data; and the Assessor's assessment and appraisal programs is not adequately restricted. In addition, the County Treasurer does not perform data backups.

- A. Passwords or other procedures are not used to limit access to the County Treasurer's financial data or the County Clerk's capital asset program. Passwords needed to access the County Clerk's budgetary and expenditure data are not changed periodically. In addition, Assessor's office employees share the same password to access the assessment and appraisal programs.

To establish individual responsibility, as well as help preserve the integrity of computer programs and data files, access to information should be limited to authorized individuals. A system of passwords and other procedures should be used to properly restrict access to only those data files and programs individuals need to accomplish their jobs. A unique user ID and password should be assigned to each user to log onto the network. Passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.

- B. The County Treasurer does not perform periodic data backups. Backup information could be used to provide a means of recreating destroyed master file information in the event of data loss. Because data backups are not performed it could be difficult to retrieve or recreate lost data.

Similar conditions were noted in prior reports.

WE RECOMMEND the County Commission:

- A. Work with the County Clerk, County Treasurer, and County Assessor to establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.
- B. Work with the County Treasurer to ensure data backups are performed and stored in a secure, off-site location.

AUDITEE'S RESPONSE

The County Commission provided the following response:

A&B. The County Commission will establish policies and work with the elected officials to implement data security and backup controls and procedures.

The County Clerk provided the following response:

A. The County Clerk will follow up on this suggestion.

The Assessor provided the following response:

A. The Assessor agrees. Upon completion of the data entry phase of programming currently in progress, data access levels will be restricted to individuals who have a need to view or change data. Individual passwords will provide for this capability.

The Treasurer provided the following responses:

A. The Treasurer has implemented the use of a password.

B. The Treasurer is working on developing a backup process and will store backups off site.

6. Personnel Policies and Procedures

Centralized time and leave records are not maintained for some county employees by the County Clerk. As a result, the County Clerk's office does not have sufficient records to ensure the validity of payroll disbursements and monitor leave and compensatory time balances.

Summary monthly time sheets are prepared by the Sheriff's office bookkeeper using the original 28-day cycle law enforcement timesheets which are prepared by the employee and approved by the employee's supervisor. However, the summary monthly timesheets are not reviewed for accuracy by the Sheriff's department before they are submitted to the County Clerk's office. As a result, errors could go undetected. In addition, the Road and Bridge supervisor maintains the records of Road and Bridge employees' overtime worked

and compensatory time accruals, usage, and balances. Finally, the assistant prosecuting attorney does not prepare time sheets, and, as a result, annual salary payments of approximately \$34,000 are unsupported.

Submission of time sheets, leave records, and compensatory time records to the County Clerk's office which are approved by supervisors would provide full support for payroll processed by the county. The county cannot adequately document the legitimacy of payroll payments and leave balances without adequate documentation.

A similar condition was noted in a prior report.

WE RECOMMEND the County Commission require time sheets, leave records, and compensatory time records which are approved by supervisors to be submitted to the County Clerk. In addition, the County Clerk should maintain centralized time, leave, and compensatory time records for all employees.

AUDITEE'S RESPONSE

The County Commission provided the following response:

The County Commission will require that all departments submit to the County Clerk complete time and leave sheets, approved with a signature.

The County Clerk provided the following response:

The County Clerk will attempt to obtain the records and maintain them on file.

7. County Clerk's Controls and Procedures
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Receipt slips are not issued for some monies received and checks received are not restrictively endorsed immediately upon receipt. Monies received are not reconciled to monies transmitted and an unidentified fluctuating cash balance is maintained in the County Clerk's cash box.

The County Clerk's office collects money for various fees and licenses, including notary fees, plat books, liquor licenses, registered voter lists, and photocopies. Liquor license collections are transmitted immediately to the County Treasurer and other receipts are transmitted to the County Treasurer monthly for deposit. According to the County Clerk's transmittal reports and the General Revenue Fund budget, during the years ended December 31, 2004 and 2003, the County Clerk's office collected approximately \$6,200 and \$7,700, respectively, in fees and \$12,600 and \$12,800, respectively, in liquor licenses.

- A. Receipt slips are not issued for some monies received. The County Clerk indicated receipts slips are issued only upon request. Although a receipt log is

maintained listing all monies collected and for what purpose, it does not always document the payee and composition of payment. The County Clerk prepares the monthly transmittal report from this log and transmits those monies to the County Treasurer. A cash count conducted on April 25, 2005, showed that receipts on hand exceeded receipts recorded on the log by \$19. The County Clerk indicated that there is usually extra money in the cash box at the end of the month, but he does not document the unidentified balance or attempt to determine reasons for discrepancies. Because monies in the cash box are not maintained at a set amount, the County Clerk cannot perform effective reconciliations and ensure receipts are properly accounted for.

To help ensure receipts are properly recorded and transmitted, receipt slips should be issued for all monies received immediately upon receipt. The receipt slips should indicate the method of payment (i.e. cash, checks, or money orders) and the composition should be reconciled to the transmittal to ensure all receipts have been accounted for. If a change fund is determined to be necessary, it should be maintained at a constant amount.

- B. Checks received are not always restrictively endorsed immediately upon receipt. During a scan of checks on hand conducted April 11, 2005, we noted that three checks, totaling \$140 and which had been on hand for a few days, had not been endorsed. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the County Clerk:

- A. Issue receipt slips for all monies received and indicate the method of payment on the receipt slips, or fully document all payees and composition of payment is recorded on the receipt log. Finally, the County Clerk should reconcile receipts or the receipt log, in total and by composition, to transmittals made to the County Treasurer.
- B. Restrictively endorse checks immediately upon receipt.

AUDITEE'S RESPONSE

The County Clerk provided the following response:

A&B. The County Clerk will attempt to improve these records.

8. Prosecuting Attorney's Controls and Procedures
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Receipts are not adequately secured prior to deposit or transmittal. Old outstanding checks are not routinely followed up on and disposed of appropriately. The Prosecuting Attorney's office receives monies for bad check restitution and fees, court-ordered

restitution, and delinquent sales taxes. The office processed collections in excess of \$300,000, during each of the two years ended December 31, 2003 and 2004.

- A. Receipts are not held in a secure location until the time of deposit or transmittal. Court ordered restitution, bad check fees, and income tax payments are held for up to one week in a file on an employee's desk pending deposit or transmittal and bad check restitution payments are held in an unlocked open file bin until vendors come to pick them up. In addition, the court ordered restitution payments are not endorsed until the deposit is prepared.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipts should be endorsed immediately upon receipt, when possible, and properly secured in a locked cabinet or location until they are deposited or transmitted.

- B. At July 31, 2005, the Prosecuting Attorney had thirty outstanding checks totaling \$2,001 that had been outstanding for at least one year. These old outstanding checks create additional and unnecessary recordkeeping responsibilities. The Prosecuting Attorney should adopt procedures to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located or identified, these monies should be disposed of in accordance with state law.

WE RECOMMEND the Prosecuting Attorney:

- A. Endorse monies immediately upon receipt when possible and properly secure monies until deposit or transmittal.
- B. Process old outstanding checks according to the law and turn over to unclaimed fees if the owner of the funds cannot be located. For any amounts that remain unclaimed or unidentified the monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *The monies referred to are strictly money orders made out to the prosecutor's office and/or to merchants who are recovering fees or restitution through our office. Merchants come by to pick up their restitution and fees on a regular basis and so these money orders are maintained in alphabetical files for quick distribution when merchants come to the office. Money orders are not mailed to victims as per previous audit discussions, as this would not provide satisfactory evidence of receipt.*

Money orders received on restitution for all crimes other than bad check are to be immediately stamped/endorsed by office staff and promptly deposited to avoid risk of loss.

- B. *The outstanding checks referred to by the audit team are checks for restitution recovered on behalf of victims of crimes. These checks are prepared when payments of restitution by money order are made by defendants to the prosecutor's office. Occasionally, victims move before restitution is received and no forwarding address is available. On other occasions, businesses that were victimized are no longer operating and no contact information is available to attempt redistribution of the restitution checks.*

The office will void outstanding checks and send unclaimed monies and appropriate information to the Randolph County Treasurer every six months to be processed as unclaimed property in accordance with State Law.

9. Sheriff's Controls and Procedures

The Sheriff's Department has not segregated accounting duties or provided for independent oversight of accounting functions. Monies received by the jail are not recorded on pre-numbered receipt slips or bond control forms. During the years ended December 31, 2004 and 2003, the Sheriff's department handled receipts totaling approximately \$109,000 and 102,000, respectively. These receipts represent accountable fees, out-of-county cash bonds, and inmate funds. The amount of in-county cash bonds collected and remitted directly to the Circuit Court is not available.

- A. Accounting duties are not adequately segregated. One bookkeeper is primarily responsible for receiving monies, preparing checks and deposit slips, preparing bank reconciliations, and maintaining the accounting records for the Sheriff's fee and inmate funds bank accounts. The Sheriff does not perform detailed reviews of the various records prepared by the clerk. Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.
- B. Cash bonds and inmate personal funds are received by the jail staff; however, cash bonds are recorded on unnumbered bond forms and inmate funds are recorded on unnumbered booking inventory forms. In addition, in-county cash bonds are transmitted directly to the court and no documentation is retained by the Sheriff's office to provide a history of monies received and remitted to the court.

Receipts for cash bonds and inmate personal funds are placed in sealed envelopes by the jail staff and are transmitted daily to the Sheriff's bookkeeper. The bookkeeper records cash bonds for other counties' warrants and inmate funds on pre-numbered receipt slips. However, cash bonds ordered by the Randolph County Circuit Court are transmitted directly to the court by the bookkeeper and no documentation is retained to provide evidence that the bond monies were remitted to the court.

To ensure that monies received are properly accounted for and distributed to the appropriate entity or individual, the Sheriff should ensure that all monies received are immediately recorded on a pre-numbered control document and the disposition of all monies, including in-county cash bonds, should be fully documented.

WE RECOMMEND the Sheriff:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue pre-numbered receipt slips and bond forms in the jail immediately upon receipt of cash bond and inmate funds and obtain documentation of the transmittal of in-county cash bonds to the Circuit Court.

AUDITEE'S RESPONSE

The Sheriff provided the following response:

- A. *The Sheriff will document his reviews of the accounting records.*
- B. *The Sheriff will attempt to prepare a log at the jail to track cash bonds and inmate funds received. The Sheriff's office has implemented a log which documents the transmittal of in-county cash bonds to the Circuit Court.*

10. Health Department's Administrative Cost Allocation Procedures
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The Health Department did not properly calculate the percentages used for allocating overhead costs to federal grants. Overhead costs were under or over charged to two different grants.

From January 2003 through October 2004, the Health Department calculated the overhead cost percentages for the Women, Infants, and Children (WIC) grant program on the basis of hours worked by the WIC program staff as compared to total hours worked by all employees. The resulting percentage was used for allocating total overhead costs to the WIC program. However, the report of total hours worked by employees included other data which did not represent hours worked. As a result, the total hours in the overhead cost calculation were overstated and the percentage of hours worked by WIC staff was understated. The Health Department re-calculated overhead costs for April 2004 and determined that the WIC program was under charged \$58. While the same procedures were used for the 22 months, reviews were not performed to determine the amounts WIC was under or over charged during this entire period.

During the two grant years ended April 30, 2005, the Health Department calculated administrative costs for the Rural Health Care Services program at 8 percent of direct

costs. However, the grant award allowed administrative costs of only 5 percent. As a result, the grant was overcharged by approximately \$4,850 during the two grant years.

The Health Department should ensure program costs are calculated in compliance with grant agreements and should establish controls, such as thorough reviews, to ensure accurate supporting data and approved percentages are used in the calculations.

WE RECOMMEND the Health Department calculate program costs in compliance with grant agreements and establish controls to ensure supporting data and approved percentages are used in the calculations. In addition, the Health Department should determine amounts over or under charged to the WIC program and should work with the grantor agencies to resolve the problems with both grants.

AUDITEE'S RESPONSE

The Health Department Administrator provided the following response:

We will take steps to make sure the appropriate amounts of overhead are charged to the various programs. We always find it is interesting that grantor agencies place limits on overhead charges that in many cases are not reflective of the actual costs to provide the services. If the overhead was allowed to be based on the actual cost and allowed to be allocated appropriately to all programs, then it would be much easier to comply with this recommendation. It would make sense to calculate an overhead percentage to charge equally to all contracts. This has never worked well since some agencies such as the Department of Health and Senior Services (DHSS) have put limits of 8 percent to be applied to each of their contracts regardless of the real costs. This means that if the actual overhead costs of providing the services in the contract are 15 percent, then the extra 7 percent must be paid by the taxpayers of Randolph County. We have always elected to continue the contracts despite the inequity of the overhead cost allocation because we felt it was a benefit to the citizens of Randolph County. With the various percentages allowed and the numerous contracts the health department administers, a small miscalculation could easily occur.

In the case of the Health Resources and Services Administration (HRSA) contract, we used the overhead percentage that was allowed by the DHSS and charged 8 percent as an overhead fee. We missed the fact that HRSA only allows 5 percent to be charged. We have since corrected this amount to the 5 percent and will make every effort to comply with the various overhead limits that the numerous contracts require.

Many grantor agencies either think that there are no actual costs to doing business for their particular programs or they think that they should not pay anything other than the actual program costs. While the WIC program may have been undercharged slightly for overhead costs, in reality it makes little difference. The WIC program has never paid for all of the direct costs associated with the program. This means that the health department charges every dollar it legitimately can to the program to pay for the direct costs and also adds local funding to support the program. While we appreciate the need for accuracy in the overhead billing, the taxpayers of Randolph County did not suffer one penny for the error in undercharging the WIC

program since it would not have resulted in additional payments to the health department. We have recalculated the invoices to reflect the correct amounts that WIC should have been invoiced.

Follow-Up on Prior Audit Findings

RANDOLPH COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Randolph County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000, and our report for the Randolph County Justice Center issued on August 6, 2003. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

RANDOLPH COUNTY
TWO YEARS ENDED DECEMBER 31, 2000

1. Financial Condition and County Sales Tax

- A. The county's General Revenue Fund was in poor financial condition. The fund's cash balance was negative since 1997 and the County Commission budgeted significant deficit ending cash balances every year since 1996.
- B. The county did not sufficiently reduce its property tax revenues by 50 percent of sales tax revenues. Excess property tax revenue collections were approximately \$78,011 at December 31, 2000.

Recommendation:

The County Commission:

- A. Consider various alternatives of increasing receipts and/or reducing disbursements to ensure that the General Revenue Fund's financial condition improves and is able to maintain an adequate operating cash reserve.
- B. Reduce the county property tax levy adequately to meet the sales tax reduction requirements, including reductions for excess property taxes collected in 2000 and prior years, and ensure that supporting documentation is maintained to support future calculations.

Status:

- A. Not implemented. See MAR finding number 1.
- B. Partially implemented. The excess property tax revenue collections have been significantly reduced and totaled approximately \$11,000 at December 31, 2004. However, the County Clerk did not always retain documentation of calculations and other information which support the decisions made by the County Commission in setting the property tax rate.

2. Budgetary Practices and Published Financial Statements

- A. Actual disbursements exceeded approved budgets in several county funds for the years ended December 31, 2000 and 1999.
- B. The annual published financial statements of the county did not include the financial activity of some county funds.

Recommendation:

The County Commission:

- A. And the Health Center Board not authorize disbursements in excess of budgeted amounts. If additional disbursements are necessary, the budgets should be amended and the circumstances adequately documented.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements.

Status:

- A. Partially implemented. Although the Health Center expenditures did not exceed budgeted amounts other county funds were overspent. See MAR finding number 1.
- B. Not implemented. Although we noted some improvement, the published financial statements did not present information for some funds for the two years ended December 30, 2004. In addition, several of these funds are relatively small and controlled by county officials other than the County Commission. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Personnel Policies and Procedures

- A. The county sick leave policy needed clarifying and was not uniformly applied to all county employees. The county paid employees for sick leave hours taken in excess of the employee's sick leave balance.
- B. Records of overtime worked and compensatory time balances were not centrally maintained.

Recommendation:

The County Commission:

- A. Clarify the sick leave policy. In addition, the County Commission should ensure the policy is uniformly applied to all county employees.
- B. Require the County Clerk to maintain centralized compensatory time records for all county employees.

Status:

- A. Partially implemented. We noted no instances of payment to employees for sick leave hours taken in excess of the employee's sick leave balance during the current audit. However, the county has not yet clarified the sick leave policy. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. The County Clerk now maintains compensatory time records for all county employees except those in the Road and Bridge and Sheriff's Departments. See MAR finding number 6.

4. County Officials' Salaries

Decisions of the salary commission were not always clear, amounts to be paid to each official were not always documented, salary actions were not consistently applied, and salaries paid to county officials were not always supported by salary commission actions.

Recommendation:

The County Commission further review past salary commission actions and legal opinions in order to re-evaluate the propriety of county officials' salaries. In addition, the County Commission should ensure salary commission minutes clearly document all decisions made and all future elected officials' salaries are supported by actions of the salary commission.

Status:

Partially implemented. The County Commission did not re-evaluate past decisions and although the salary commission did not meet in 2001 and 2003, there were no salary changes. The salary commission met in September 2005 and clearly documented all decisions made at that meeting and the amounts to be paid to the elected officials. Although not repeated in the current MAR, our recommendation remains as stated above.

5. Bond Fees and Federal Grant Reimbursements

- A. The Sheriff collected bond processing fees after the statute authorizing the fee was repealed.
- B. The county was reimbursed by the Missouri Sheriff's Association twice for the same expenses because the county billed for reimbursement of the expenses twice.

Recommendation:

The Sheriff:

- A. Discuss the collection of bond fees with the Circuit Judge and take appropriate action to resolve this issue.
- B. Contact the Missouri Sheriff's Association to resolve the overpayment of marijuana eradication expenses.

Status:

- A. Implemented. The Sheriff's department discontinued collecting the bond processing fees.
- B. Implemented. The county reimbursed the Missouri Sheriff's Association for the expenditures that were claimed twice.

6. Computer Controls

- A. Passwords were used, but not changed on a periodic basis to ensure confidentiality. In addition, each office had one password for each computer system and all employees of the office shared the password.
- B. The county did not have a formal emergency contingency plan for its computer systems.

Recommendation:

The County Commission:

- A. Ensure passwords are periodically changed and remain confidential.
- B. Develop a formal contingency plan for the county's computer systems.

Status:

- A. Not implemented. See MAR finding number 5.
- B. Partially implemented. The County Clerk, County Assessor, and County Collector maintain backups of data critical to the county's operations at offsite locations. However, there are no formal plans for such issues as alternate work locations and replacement hardware in the event of a disaster. Although not repeated in the current MAR, our recommendation remains as stated above.

7. Rental Agreement

The county did not have a signed written agreement for rental of the office space occupied by the Prosecuting Attorney's Office. The Prosecuting Attorney owned the building and paid himself rent from the Prosecuting Attorney Bad Check Fund. The Prosecuting Attorney drafted a written agreement but the County Commission did not sign the agreement.

Recommendation:

The County Commission work with the Prosecuting Attorney to formalize the agreement for this rental arrangement and document the allocation of resources between the county and Prosecuting Attorney's private practice.

Status:

Not implemented. See MAR finding number 2.

8. Prosecuting Attorney's Controls and Procedures

- A. Accounting duties were not adequately segregated and there were no documented reviews of the accounting records performed by the Prosecuting Attorney or other personnel independent of these processes.
- B. Prenumbered receipt slips were not issued for some monies received.
- C. Throughout much of the audit period, the Prosecuting Attorney's staff did not prepare bank reconciliations, maintain a check register balance, or prepare listings of open items (liabilities) for the official bank account. Some open items were held more than three years. The open items listing which was prepared by a CPA included \$230 that pertained to the Prosecuting Attorney's private practice.
- D. The Prosecuting Attorney did not establish an adequate system to account for all bad check complaints received and the subsequent disposition of the complaints. Documentation was not obtained from the merchants when restitution money orders were turned over to them.
- E. Bad check fees totaling \$3,141 collected in June 2000, appeared to be missing. The

Prosecuting Attorney's office did not reconcile receipt slips issued by the County Treasurer to their receipt records.

Recommendation:

The Prosecuting Attorney:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue prenumbered receipt slips for all monies received.
- C.1. Ensure open items listings and bank reconciliations are prepared and reconciled to the check register balance monthly.
 - 2. Establish procedures to routinely follow up on old open items and determine their proper disposition.
 - 3. Deposit the \$230 into the appropriate bank account.
- D. Assign sequential control numbers to bad check complaints and maintain a log to adequately account for bad check complaints as well as the ultimate disposition.
- E.1. Follow up on the June 2000 bad check fee transmittal.
 - 2. Obtain receipt slips for all monies transmitted to the County Treasurer and reconcile them to his receipt records.

Status:

A,B,

C.2,

C.3

&E.2. Implemented.

- C.1. Partially implemented. Monthly bank reconciliations are performed; however, open items listings were not printed and reconciled to the check register until July 2005.
- D. Partially implemented. Although sequential control numbers are not assigned to bad check complaints, the bad check complaint information is recorded in the restitution database when received and sufficient information is provided to monitor the status of the bad check complaint. Collections for bad checks are also documented in the system and if the complaint results in formal charges, the system accounts for the subsequent actions and payments by the court and defendant. Although not repeated in the current MAR, our recommendation remains as stated above.

- E.1. Not implemented. The transmittal was never located. The Prosecuting Attorney believes that the monies were lost because the transporting deputy became unexpectedly involved in a pursuit after the transmittal was picked up from the Prosecuting Attorney's office. To avoid a similar problem in the future, the County Treasurer now personally picks the transmittal up once a week. It is unlikely that any additional efforts to follow up on the missing transmittal would be successful at this point and this recommendation is not repeated.

9. Juvenile Office Controls and Procedures

- A. The Juvenile Office did not have an adequate segregation of duties and the Chief Juvenile Officer did not review the work performed by the administrative assistant.
- B. The Juvenile Office did not prepare and reconcile the monthly listings of open items (liabilities) to the cash balance. An open items listing was prepared as of March 31, 2001, and indicated that \$360 was erroneously requisitioned from the county for class fees already reimbursed by juveniles, a \$200 restitution receipt was disbursed twice to the same individual, and \$125 of open items was unidentified.

Recommendation:

The Chief Juvenile Officer:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Prepare monthly listings of open items and reconcile the listings to the cash balance. Differences should be investigated and any monies remaining unidentified should be disposed of in accordance with state law. In addition, the \$200 overpayment should be resolved and future requisitions submitted to the county should be reduced by \$360 to correct the class fee requisition error.

Status:

- A. Partially implemented. One clerk is primarily responsible for receipting, depositing, preparing disbursements, and recording receipt and disbursement activities in the accounting system. In addition, this clerk also has signatory authority for the bank account and performs all bank reconciliations. The Chief Juvenile Officer indicated she signs all disbursement checks and performs reviews of the bank reconciliations but does not document this review. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented. Restitution payments are now distributed the same day received and, as a result, there are no open items. The discrepancies noted above have been resolved.

10. Health Center

- A. Fixed assets were not tagged and added to the inventory listing on a timely basis and annual inventories of all general fixed assets were not conducted.
- B. The Health Center Board used Health Center monies to finance purchases of computers for employees' personal use. The monies spent were considered interest-free loans to employees.

Recommendation:

The Health Center Board:

- A.1. Tag all fixed assets immediately upon receipt and record them on the inventory listing on a timely basis.
 - 2. Perform an annual physical inventory and reconcile it to the inventory listing.
- B. Discontinue the practice of financing purchases for employees' personal use.

Status:

- A.1. Partially implemented. Our review noted one asset which was not properly tagged or added to the asset listing. Although not repeated in the current MAR, our recommendation remains as stated above.
 - 2. Partially implemented. Periodic inventories of the assets held by the Health Center's departments are performed by the fixed asset records custodian; however, the documentation of the inventory results is not retained. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented. The department has eliminated this practice.

RANDOLPH COUNTY JUSTICE CENTER

1. Financial Planning and Monitoring

- A.1. The County Commission could not provide documentation showing how a ½ cent, 18-year sales tax was determined to be adequate to fund the justice center project.
 - 2. The County Commission could not provide documentation regarding significant changes to the conceptual drawings or show that the changes were sufficiently discussed and conveyed to the public. The County Commission meeting minutes did not provide adequate details to show whether these decisions were discussed during the meetings.

- B.1. The County Commission could not provide documentation supporting the operating cost projections used for the bond issue calculations.
- 2. The Justice Center Fund had a negative cash balance from its inception in May 2002. During 2002, actual disbursements exceeded budgeted disbursements by approximately \$354,000 and revenues were approximately \$60,000 below budgeted amounts, resulting in a negative cash balance of (\$267,307) at December 31, 2002. Monies from other funds were being borrowed to cover justice center project costs until other financing was secured. However, the County Commission did not develop procedures to authorize transfers between funds or report interfund debts in the county's financial records.
- 3. The anticipated project costs for the Justice Center were very close to the estimated funds available. Changes in interest rates, anticipated sales tax revenues, and the delay in issuing bonds could have caused the anticipated project costs to exceed available funds. Other county funds might have been required to supplement the project's costs. Given the county's overall poor financial condition, the County Commission needed to consider if this was even a potential option.
- 4. The county did not establish a record keeping procedure to account for justice center project expenditures by project budget categories.
- C. The County Commission delegated much of its authority on the project to the owner's representative and the County Commission was not aware of many aspects of the project. The County Commission referred us to the owner's representative to answer many of our questions. Additionally, many records associated with the project were not on file at the county courthouse, and had to be obtained from the owner's representative or others involved with the project.

Recommendation:

The County Commission:

- A. Ensure information regarding significant project decisions is thoroughly documented and made available to the public through the meeting minutes and other methods, as appropriate.
- B. Reevaluate the overall financial plans for the project, giving consideration to construction costs, anticipated ongoing operating costs of the justice center, and the county's overall financial condition. The county also needs to formalize its interfund borrowing process and establish a method to effectively monitor budget to actual project expenditures.
- C. Ensure it is actively involved in decisions made for the remainder of the justice center project, and that all pertinent documentation is retained by the county.

Status:

- A. Implemented. The County Commission now maintains detailed minutes of their meetings and the minutes are made available to the public on the county's web site. Detailed meeting agendas are posted and provided to the local media prior to each of the County Commissions sessions.
- B. Partially implemented. The County Commission retained an accountant to perform a feasibility study prior to the issuance of the revenue bonds. This study and updates of the study prepared by the County Commission, which project financial activities through 2020 when the bonds will be repaid and the sales tax will expire, appear to indicate that the project is feasible although the sales tax revenues will have to be supplemented by General Revenue Fund monies. It appears that the county will be able to supplement the Justice Center Project with approximately \$350,000 to \$400,000 in available General Revenue Fund monies through the year 2020. However, there is no documentation that the County Commission has considered the feasibility of financial operations of the General Revenue Fund after the year 2020 or the ability of the General Revenue Fund to maintain a positive financial condition after the year 2020. In addition, the County Commission has not discontinued the practice of interfund borrowing or developed a formal interfund borrowing process. While the County Commission did begin monitoring project costs more closely and was actively involved in the expenditure approval process, the overall justice center project costs exceeded the county's estimates by approximately \$500,000. See MAR finding number 1.
- C. Partially implemented. The County Commission began including significant details in their minutes of meetings and provided documentation indicating they were actively involved in monitoring the project and the subsequent decisions related to the project. However, the County Commission had to contact the project architect to obtain 2004 bidding information related to furniture purchased for the justice center offices and courtrooms. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Contracting and Related Expenditures

- A. The County Commission paid more than \$124,000 to a professional engineer to provide consulting services and serve as the owner's representative for the justice center project. Numerous problems were noted with this arrangement.
 - 1) The County Commission did not negotiate with or solicit requests for proposals from any other company or individual for owner's representative services, and could not provide a documented justification for choosing the owner's representative.
 - 2) The county entered into the owner's representative contract without adequately evaluating the potential time and cost involved and did not

document clear expectations of the owner's representative, and the County Commission did not adequately monitor the contract arrangement.

- 3) The owner's representative's billings did not include adequate supporting documentation for services rendered, mileage incurred, and reimbursable expenses.
 - 4) The owner's representative submitted billings with inconsistent time periods and the County Commission could not effectively review and evaluate the reasonableness of billings.
- B. Construction management services were not procured in accordance with state law. The county did not place advertisements in a local newspaper, document its selection procedures, or maintain adequate documentation regarding the firms considered. In addition, the scope of services were extended to include construction phase services without soliciting additional proposals or documenting the reasons.
- C. The County Commission did not always solicit and retain proposals for professional services (including legal, architectural, investment banking, survey, and mine remediation) or document the criteria used and basis for selection. In addition, the County Commission signed a contract prior to formal County Commission approval, did not have proposed contracts reviewed by legal counsel, and did not retain copies of some contracts.

Recommendation:

The County Commission ensure that 1) future professional services obtained by the county are subject to a competitive and well documented selection process; 2) contract terms clearly quantify services to be performed and compensation to be paid and provide a means for the county to assess achievement of contract objectives; and, 3) contractor billings are submitted timely, provide sufficient detail, and are reviewed for compliance with contract terms. The County Commission should also ensure contracts are not signed prior to County Commission approval, are reviewed by legal counsel for propriety, and are retained in the county's files. In addition, the County Commission should ensure these recommendations are considered for the remainder of the project.

Status:

Partially implemented. Additional professional services were not procured by the county for the justice center project subsequent to our review with the exception of accounting services. Our review of the procurement for financial consulting services and other county expenditures during the two years ended December 31, 2004, indicated that the County Commission did not procure professional services for other county projects using a competitive selection process, some purchasing decisions were not adequately documented, and the commission did not ensure that contracts were obtained for some expenditures when appropriate. We noted that one expenditure was not verified against contract terms and

several billings for professional services did not contain sufficient detail. See MAR finding number 2 for these and other related expenditure issues. However, minutes of the County Commission meetings during 2005 indicate that the County Commission has recently been competitively procuring some goods and services which previously were not competitively procured.

3. Meeting Minutes

Information provided in the County Commission minutes was generally very limited and often included only a reference to those in attendance and the topics discussed. The county did not have a written policy regarding meeting procedures and minutes.

Recommendation:

The County Commission ensure meeting minutes include the information necessary to provide a complete record of all significant matters discussed and actions taken. In addition, the County Commission should consider developing a written policy regarding meeting procedures and minutes.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

RANDOLPH COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1829, the county of Randolph was named after John Randolph, of Virginia. Randolph County is a county-organized, third-class county and is part of the Fourteenth Judicial Circuit. The county seat is Huntsville.

Randolph County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 450 miles of county roads and 88 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 25,379 in 1980 and 24,663 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2004	2003	2002	2001	1985*	1980**
		(in millions)					
Real estate	\$	188.4	185.3	184.8	181.9	284.6	48.2
Personal property		67.0	70.2	66.4	65.6	47.3	39.2
Railroad and utilities		33.7	32.9	35.0	31.3	25.1	14.8
Total	\$	289.1	288.4	286.2	278.8	357.0	102.2

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Randolph County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$.1700	.1713	.1400	.1500
Special Road and Bridge Fund *		.3200	.2869	.2781	.2780
Common Road District **		N/A	N/A	.1400	.1400
Health Center Fund		.1500	.1500	.1500	.1500

* The county retains all tax proceeds from areas not within road districts. The county has one road district that receives four-fifths of the tax collections from property within this district, and the Special Road and Bridge Fund retains one-fifth. The road district also has an additional levy approved by the voters.

** The Common Road District levy was not renewed by voters after 2002.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28 (29),			
		2005	2004	2003	2002
State of Missouri	\$	87,278	86,014	86,730	84,689
General Revenue Fund		519,814	511,803	435,052	448,683
Special Road and Bridge Fund		908,560	810,712	792,424	772,460
Assessment Fund		239,310	172,095	197,993	191,787
Health Center Fund		425,867	424,397	427,551	417,407
Schools Fund		11,886,191	11,596,704	11,493,339	11,064,851
Library Fund		488,743	492,112	680,087	833,567
Fire Districts Fund		37,522	36,705	36,518	34,980
Ambulance Districts Fund		542,556	537,160	540,082	501,043
Moniteau Watershed Fund		4,831	4,150	4,005	3,881
City of Moberly TIFs		63,796	63,254	64,834	84,563
Special Road District Fund		136,452	140,674	343,612	334,431
Tax Sale Surplus Fund		1,966	498	0	0
Collector Tax Maintenance Fund		28,923	23,968	11,997	0
Private Car Tax		10,022	10,441	10,881	11,742
Payments In Lieu of Tax		7,586	0	0	0
Cities		1,307,923	1,274,768	1,226,182	1,179,661
County Clerk		649	617	534	604
County Employees' Retirement		77,741	78,067	80,101	68,829
Other		627	2,856	420	348
Commissions and fees:					
General Revenue Fund		252,268	250,592	249,653	240,258
Total	\$	17,028,625	16,517,587	16,681,995	16,273,784

Percentages of current taxes collected were as follows:

		Year Ended February 28 (29),			
		2005	2004	2003	2002
Real estate		96.6	96.6	96.9	96.5 %
Personal property		91.7	89.5	91.4	89.6
Railroad and utilities		100.0	100.0	100.0	100.0

Randolph County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	%
General	\$.0050	None	50	
Capital improvements	.0050	2020	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Jim Myles, Presiding Commissioner		30,930	30,930		
Frederick A. Ward, Presiding Commissioner				30,930	30,930
Jack Franklin, Associate Commissioner		28,930	28,930	28,930	28,930
Rick Thornburg, Associate Commissioner		28,930	28,930	28,930	28,930
Mark Price, Recorder of Deeds		43,550	43,550	43,550	43,550
Jim Sears, County Clerk		43,550	43,550	43,550	43,550
Michael Fusselman, Prosecuting Attorney		65,500	65,500	65,500	65,500
Don Ancell, Sheriff		48,550	48,550	48,550	48,550
Rebecca Brown, County Treasurer		32,370	32,370	32,370	32,370
David Haley, County Coroner		15,550	15,550	15,550	
John Gibbs, County Coroner					15,550
Martha Creed, Public Administrator		43,550	43,550	43,550	43,550
Shiela Miller, County Collector, year ended February 28 (29),	43,550	43,550	43,550	43,550	
Richard Tregnago, County Assessor (1), year ended August 31,		44,301	44,428	44,450	44,450

(1) Includes \$751, \$878, \$900, and \$900 annual compensation received from the state for year ended August 31, 2004, 2003, 2002, and 2001, respectively.

State-Paid Officials:

Norma Prange, Circuit Clerk	52,411	51,811	51,811	51,811
Scott Hayes, Associate Circuit Judge	96,000	92,280		
James Cooksey, Associate Circuit Judge		4,000	96,000	96,000

The county entered into a lease purchase agreement with the Randolph County, Missouri, Public Facilities Authority (the "Authority") on January 1, 2004. The terms of the agreement call for the Authority to provide funding for the construction of a justice center project and for the county to lease the justice center from the Authority for lease payments equal to the amount due to retire the Authority's indebtedness. Leasehold revenue bonds totaling \$6,800,000 were issued by the Authority, on January 7, 2004, on behalf of the county, and the proceeds of those bonds are being used to construct the justice center. Construction was essentially completed during June 2005 and the lease is scheduled to be paid off in 2020. The remaining principal and interest due at December 31, 2004, was \$6,800,000 and \$2,947,883, respectively. The bonds are anticipated to be paid with the revenue generated from the county's capital improvement sales tax

which was passed on April 2, 2002. The Authority also established a trustee, Commerce Bank, N.A., (the "Trustee"). The Trustee receives and oversees disbursement of the bond proceeds, lease payments, sales tax proceeds, and other project income. The Trustee releases monies to the county for purposes of operating and maintaining the justice center if such amounts are not required for the payment of construction activities or repayment of the bonds issued by the Authority.